

# Update on the Caltrain Governance Discussions and Peninsula Corridor Electrification Project



# Links to Governance and SamTrans ROW

- JPB is completing a Governance study to evaluate structural governance options for delivering Caltrain projects and service. JPB is expected to consider adopting recommendations from the study at its February meeting
- MTC's Rail Governance Study will examine governance and project delivery structures on this corridor and the region as a whole
- Repayment of Right-of-Way funds fronted by SamTrans has been central to governance conversations
  - Payment obligations are set forth in a 2007 settlement and 2008 RPOA amendment

# Summary of Caltrain Right of Way Repayment

## Purchase of ROW Mainline – From 1991 Purchase Sale and Option Agreement

- \$120M Prop 116 Funds
- \$ 82 M SamTrans
- \$ 10M Credit for Construction of Maintenance Facility
- **\$212M Total Cost of Purchase**

*From Olson Remcho Law Firm – Report to JPB Board – April 1, 2021*

# Summary of Caltrain Right of Way Repayment

|  |              |
|--|--------------|
| Original ROW purchase amount owed to SamTrans          | 43.0 million |
| Amount attributed to VTA                               | 34.7 million |
| Amount attributed to SF                                | 8.3 million  |
| Compounded interest prior to 2008 RPOA Reset           | 48.5 million |
| Total amount owed to SamTrans prior to 2008 RPOA Reset | 91.5 million |
| 2008 RPOA Reset amount owed to SamTrans                | 53.3 million |

## Repayment of Principal to SamTrans – From Real Property Ownership Agreement (RPOA) – Amended 2008

- The parties<sup>1</sup> agreed to reset the amount of the additional contribution attributable to VTA and San Francisco at \$53.3 million. Of the \$43.3 million to be paid by MTC, approximately 80% would be paid on behalf of VTA, and 20% on behalf of San Francisco.
- The parties also agreed that SamTrans could serve as managing agency for as long as it chose to do so in exchange for forgiving \$38.2 million of the \$48.5 million it was owed in accrued interest on its initial contribution.

<sup>1</sup> Santa Clara Valley Transportation Authority, San Francisco City and County, and San Mateo County Transit District

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# Summary of Caltrain Right of Way Repayment

## Current Payments/Balances as a Result of the 2007 Agreement and 2008 RPOA

|              | 2007 Agreed to Payment to SamTrans | Paid to Date | Remaining Principal Balance |
|--------------|------------------------------------|--------------|-----------------------------|
| <b>Total</b> | 53.3 million                       | 33.5 million | 19.8 million                |
| <b>MTC</b>   | 43.3 million                       | 23.7 million | 19.6 million                |
| <b>VTA</b>   | 8 million                          | 8 million    | 0                           |
| <b>SF</b>    | 2 million                          | 1.8 million  | 0.2 million                 |

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# Consideration of MTC Contribution and Potential Conditions

- Staff proposes that the Commission consider payment by MTC to SamTrans of the \$19.6 million principal subject to the following conditions:
  - Principal payment of \$19.6 million constitutes full payment of any and all remaining MTC obligation for monies advanced by SamTrans for the purchase of the Caltrain right of way, with no expectation by SamTrans of future contributions by the Commission.
  - Inclusion of a policy statement affirming agreement does not preclude recommendations forthcoming from the Network Management Business Case and/or the Regional Rail Study.
  - Inclusion in the recommendation that future evaluation and reconvening related to the MOU between the JPB and SamTrans should include consultation with MTC as it relates to network management recommendations that may be adopted before that time.

# Caltrain Electrification Project Overview

- San Francisco to San Jose (Tamien Station)
- 51 miles
- Revenue service: Sept. 2024
- Electrification
  - Overhead Contact System (OCS)
  - Traction Power Facilities
  - Signal System
- Electric Trains
  - 19 7-car train sets (133 cars - *96 cars funded by project; 37 cars funded by State TIRCP*)



# Caltrain Electrification Funding Plan Prior to Cost Increase

| Fund Source                      | Amount               |
|----------------------------------|----------------------|
| FTA Core Capacity                | 647,000,000          |
| FTA Section 5307 (EMU)/SMCTA     | 315,000,000          |
| FTA Section 5307 (Environmental) | 15,676,000           |
| Prop 1A                          | 600,000,000          |
| High Speed Rail Non-Prop 1A      | 113,000,000          |
| TIRCP                            | 20,000,000           |
| Prop 1B                          | 8,000,000            |
| Bridge Tolls (RM1/RM2)           | 39,430,000           |
| Carl Moyer                       | 20,000,000           |
| JPB Members 7 & 9 Party MOU      | 184,146,533          |
| Caltrain LCTOP                   | 9,000,000            |
| Prior Local Contribution         | 9,000,000            |
| <b>Total</b>                     | <b>1,980,252,533</b> |

# Key Reasons for Cost Overruns

- Delays and cost increases arising from the COVID-19 pandemic
- Unforeseen site conditions
- Resolution of commercial disputes with contractor on signal system scope and outstanding change orders



# Project Cost Overruns

- Updated project cost and schedule
  - \$2.4B
  - No change to 2024 revenue service
- Additional cost \$462.4M key elements
  - Global settlement with BBII \$346.68M
  - Project budget scrub \$115.76M
- Peninsula Corridor JPB approved budget increase and global settlement on December 6<sup>th</sup>



# Funding Strategy

- Funding need ~\$410M (Project Cost Increase ~\$462M; Federal American Rescue Plan funding to date \$52.4M)
- Cashflow sufficient through June 2023, additional funding needed to complete project
- FTA/CHSRA Recovery Plan
  - \$52.4 ARP
  - \$150M credit financing
  - \$60M Measure RR capital reserve
  - \$200M super contingency (2017 Commitment by MTC, SFCTA, SMCTA, VTA);
    - Caltrain will seek state and federal funding to complete the project. Should those grants or funds not be sufficient, Caltrain will work to identify “own source” funds to fill any gap, including member agency funding, Measure RR revenues, and proceeds from bonds secured by Measure RR or low carbon fuel standards credits revenue.

# Megaproject Advancement Policy

- Focused framework based on Plan Bay Area 2050
- Include *multi-modal* strategies and sequencing of projects to better advocate for federal and state funding
- Development of the strategy will include assessment of project risks and plan for managing risk over the course of new and ongoing projects
- Apply lessons learned and experience from past megaproject delivery

## Next Steps / Action

- Staff recommends convening a **workshop** in the coming months focused on **rail capital project delivery and governance** to provide valuable and timely inputs to the Rail Governance study and Major Project Advancement Policy.
- **Direction from Committee** on scope and nature of MTC's contribution and involvement in the **Right-of-Way settlement agreement**. A refined proposal based on direction received will be brought to the January 26th Commission meeting for approval.